



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

# The impact of mental health on business and industry – an economic analysis

Michael Parsonage

The Sainsbury Centre for Mental Health



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Aim of study

To assess the importance to employers of mental health problems in the workforce:

- scale
- financial implications



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Prevalence (I)

- **People with mental health problems are almost as likely to be working as anybody else**
- **Mental health problems are almost as common in the workplace as they are anywhere else**
- **Nearly 1 in 6 of the workforce is affected by depression, anxiety or other mental health condition at any one time (over 1 in 5 if alcohol and drug dependence are also included)**
- **Less than 20% of mental ill health in the workforce is work-related**



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Prevalence (2)

### Employers' perceptions:

- **nearly half of employers think that *none* of their workers will ever suffer from a mental health problem**
- **over two-thirds think prevalence is in the range 0 – 5 per cent**



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Financial implications

- **Sickness absence**
- **Reduced productivity at work (“presenteeism”)**
- **Staff turnover**



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Sickness absence (1)

- **Mental health problems account for 40% of all sickness absence**
- **2.8 working days lost per average employee**
- **70 million days lost each year**
- **10 million days lost because of mental health problems which employees say are directly caused by their work or working conditions**



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Sickness absence (2)

- **According to CBI and CIPD surveys, the cost of sickness absence is put at £75 – 80 a day by employers**
- **Research evidence suggests this is too low**
- **Based on a revised figure of £120 a day, the annual cost of mental health-related absence is estimated at £335 for every employee in the workforce, or £8.4 billion at the national level**



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

# Presenteeism (I)

- **Presenteeism is the loss in productivity that occurs when employees come to work but function at less than full capacity because of ill health**
- **Presenteeism is difficult to measure, but accumulating international evidence is highlighting its scale**
- **On a conservative estimate, presenteeism attributable to mental health problems accounts for 1.5 times as much working time lost as sickness absence in the UK**



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Presenteeism (2)

- **The average cost of presenteeism is estimated at £145 a day (higher than the daily cost of sickness absence)**
- **The annual cost of presenteeism attributable to mental health problems amounts to £605 for every employee in the workforce, or £15.1 billion at the national level**



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Staff turnover

- **About 4 million employees leave their jobs each year and mental health problems may account for up to 5% of the total**
- **The cost to employers of a job change is around 40% of average gross pay**
- **The annual cost of staff turnover attributable to mental health problems is £95 per average employee, or £2.4 billion at the national level**



The Sainsbury Centre

for Mental Health

Removing Barriers. Achieving Change.

# Total cost per average employee

**Total cost - £1,035**



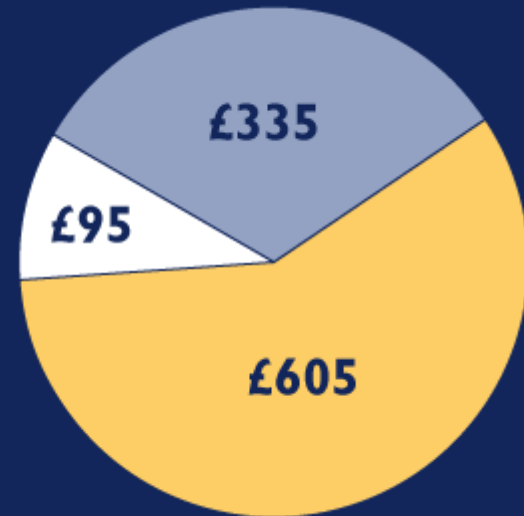
Sickness absence



Reduced productivity at work



Staff turnover





The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

## Aggregate cost to employers

- Total cost to employers = £25.9 billion
- Equivalent to 3.6% of the national pay bill



The Sainsbury Centre

for Mental Health

---

Removing Barriers. Achieving Change.

# The implications for employers

- **A cost saved is a benefit gained: the overall scale of costs is therefore a measure of the potential benefits to be derived from better management of mental health in the workplace**
- **Simple steps to improve the management of mental health at work should enable employers to save 30% or more of the costs – at least £8 billion a year**
- **Mental health in the workforce is important to all employers – as a business matter**